

Internal Revenue Service
District Director

Department of the Treasury

Person to Contact:

Telephone Number:

Refer Reply to:

EIN:

Date: APR 09 1992

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(12) of the Internal Revenue Code of 1986.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

According to Article III of your Articles of Incorporation, your specific primary purpose is to provide for management, administration, maintenance, preservation and architectural control of the office units and common area within that certain tract of property situated in the [REDACTED], County of [REDACTED], more particularly described as Tract [REDACTED], a Map of which was filed for record in the Office of the Recorder of [REDACTED] County, [REDACTED] on [REDACTED].

Your activities consist of providing management, administration, maintenance, preservation and architectural control of the office units and the common area located at [REDACTED]. Your services are substantially at cost and you are using your income solely for paying losses and expenses. Your only [REDACTED] members are the owners of the [REDACTED] buildings located at [REDACTED].

Section 501(c) of the Code describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(12) Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual cooperative telephone companies, or like organization; but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses."

[REDACTED]

Exemption as a "like organization" is restricted to organizations which are similar to mutual ditch, irrigation and telephone companies, and does not extend to all mutual or cooperative organizations.

Revenue Ruling 65-201, 1965-2 C.B. 170, provides that a nonprofit cooperative organization whose activities consist of selling electrical materials, equipment, and supplies, and furnishing equipment manufacturing, repairing, testing, and other services to its members is not a "like organization" within the meaning of section 501(c)(12) of the Code and therefore does not qualify for exemption from Federal income tax under that section of the Code notwithstanding that its membership is limited to organizations exempt under that section. Also, a cooperative housing organization operated for the personal benefit of its tenant-owner members is not a "like organization" and does not qualify for exemption from Federal income tax. Also, a cooperative apartment-owning corporation, which derives its income from collecting the expenses of operating the apartments each month from its members, each of whom is entitled to occupy an apartment in the building, is not exempt from taxation.

Your purposes and activities serve the personal benefit of your owner-members, are similar to a trade or business ordinarily carried on for profit, and are not covered under the provisions of section 501(c)(12) of the Code. Accordingly, we hold that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(12) of the Code.

You agreed to this determination by signing Form 6018, Consent to Proposed Adverse Action, on [REDACTED].

You are required to file income tax returns annually with your district director.

Contributions made to you are not deductible as charitable contributions as defined in section 170(c) of the Code.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely yours,

[REDACTED]
District Director